

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6367

BILL NUMBER: HB 1187

NOTE PREPARED: Nov 27, 2006

BILL AMENDED:

SUBJECT: Medical Expenses for Adopted Children.

FIRST AUTHOR: Rep. Reske

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires payment by the county Department of Child Services offices or the Department of Child Services of the costs of certain health-related adoption subsidies. The bill makes a determination by the Department of Child Services with respect to subsidies subject to administrative review.

Effective Date: July 1, 2007.

Explanation of State Expenditures: If the county Department of Child Services office does not have adequate funding to pay for the medical subsidy, the Department of Child Services shall pay. The cost to the state for this coverage is dependent upon the ability of the county Department of Child Services offices to pay. Total cost is not known. (See *Explanation of Local Expenditures*.)

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary:* This bill requires the county Department of Child Services office to pay a medical subsidy for an adoptive child with a pre-existing medical condition. Total cost to county Department of Child Services offices statewide is estimated to be \$117,000 for the first year. The cost of medical services for this group may be higher or lower than this number based upon several factors: (1) number of children adopted who have pre-existing conditions, (2) number of adopted children that do not have insurance - either due to the adoptive parent being uninsured or the insurance not covering pre-existing conditions, and (3) cost to provide medical services for the pre-existing condition to the adoptive child (depends upon the amount of the subsidy granted).

Background Information: The existing program requires that the medical costs of special needs adoptions be paid through Medicaid with a mix of county and state matching funds. In addition, some children with pre-existing conditions receive medical subsidies under certain circumstances. However, current medical subsidies are paid exclusively by the county Office of Child Services and are limited by the amount of funding available.

The total number of children adopted with pre-existing conditions is unknown. There have been 3,065 children adopted the last three years in Indiana.

Number of Children Adopted SFY 2004 through 2006 and Estimated Health Insurance Status.

Year	Number Adopted	Employer Insured (62%)*	Individual Insured (4%)*	Medicaid/Medicare Insured (24%)*	Uninsured (9%)*
2004	1,054	653	42	253	95
2005	979	607	39	235	88
2006	1,032	640	41	248	93
Total	3,065	1,900	123	736	276
Average	1,022	633	41	245	92

Notes: #Preliminary data; *Estimates based upon percent coverage by insurer type 2003-2004 data.

This bill states that the county Office of Child Services is required to pay a subsidy for the medical, surgical, hospital, and related expenses for an adoptive child due to a pre-existing physical, mental, emotional, or medical condition of the child if state or local government paid for treatment prior to adoption and payments from insurance or public money to treat the condition are not available to the child or parents. It is unknown the number of children who are adopted that do not have insurance or insurance coverage for a condition. Due to exclusions for pre-existing conditions, some children who are insured under a family coverage may not have full coverage for a condition. The amount of each subsidy is contingent upon what is required in the court order or adoption decree. Thus, the subsidy cost per child is unknown.

For this analysis the estimated number of children requiring insurance under the provisions of this bill is 92. This number is based upon statistics of child insurance coverage status and the number of children adopted through the Department of Child Services in the past three years. This assumes that 9% of children do not have insurance (based upon the state average of uninsured children). This estimate represents the number of children adopted each year that do not have insurance. However, this number may be different from the number of children covered by the provisions of this bill as this bill only requires subsidies for pre-existing conditions. In addition, due to the ongoing nature of this provision, more children would be added each year until a maximum point was reached.

The cost of services provided under the CHIP program is \$106 per member per month. (*Note:* This is an average of costs applicable to preschool, children, and teenager CHIP categories.) Using this number as an estimate, the cost to pay for medical expenses of adopted children is approximately \$1,272 per child per year. Total estimated cost to county Office of Child Services would then be \$117,024 for the first year. Total cost

may be higher or lower than this estimate depending upon the amount of subsidy required in the court order or adoption decree. The cost to the county and state may increase each year as more children are adopted and granted medical subsidies. The provisions of this bill require that the medical subsidy be paid until the child turns 18, is emancipated, dies, the adoption is terminated, or further order of the court.

The total state and county general fund expenditures for FY 2006 for medical expenses of adopted children were \$30.4 M. These funds receive a federal Medicaid reimbursement of about 63%, or \$19.2 M. The number of children receiving these services is not known at this time. It should be noted that these dollars are not limited to special needs adoptions. In addition, they include medical assistance provided for all adopted children in which a court decree ordered the state to provide assistance after the completion of the adoption.

Explanation of Local Revenues:

State Agencies Affected: Department of Child Services.

Local Agencies Affected: County Department of Child Services offices.

Information Sources: Kaiser Family Fund, State Health Facts Online, <http://statehealthfacts.kff.org/cgi-bin/healthfacts.cgi?action=profile&area=Indiana>; Sharon Eichman, Department of Child Services; Cassandra Porter, Department of Child Services; John Ryan, Department of Child Services; Pat Casanova, Family and Social Services Administration; Mike Fowler, Office of Medicaid Policy and Planning.

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